

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY, AND)	
A CERTIFICATE OF ENVIRONMENTAL)	CASE NO.
COMPATIBILITY FOR THE CONSTRUCTION OF)	92-112
300 MW (NOMINAL) OF COMBUSTION TURBINE)	
PEAKING CAPACITY AND RELATED)	
TRANSMISSION FACILITIES IN CLARK AND)	
MADISON COUNTIES IN KENTUCKY)	

O R D E R

East Kentucky Power Cooperative, Inc. ("East Kentucky") on March 20, 1992 filed an application requesting authority to install three combustion turbines ("CTs") at its J. K. Smith Power Station site in Clark County, Kentucky. The first two units were scheduled for commercial operation in 1994 and the third unit was scheduled for 1995. In August 1992, East Kentucky announced that it would defer the first two units by one year so that all three units would be scheduled for commercial operation in May 1995.

East Kentucky based its decision to defer primarily on two factors. First, a recently completed Power Requirements Study ("PRS") showed that East Kentucky's overall load forecast had changed very little from the prior PRS. This latest PRS indicated that a delay could be made in East Kentucky's peaking units planned for 1994 without adversely impacting the system's reliability. Second, East Kentucky recently confirmed the availability of capacity purchases for the summer of 1994 and the winter of 1995 at reasonable costs. East Kentucky's analysis showed that capacity

purchases of 220 megawatts in the summer of 1994 and 60 megawatts in the following winter result in a savings of approximately \$4.36 million.

The only intervenor in this proceeding is the Attorney General's Utility and Rate Intervention Division ("AG"). A formal hearing in this matter was held on August 25, 1992, and briefs were filed on September 22, 1992.

ISSUES IN EVIDENCE

Several issues are before the Commission in this case. On some issues the record is well developed, while on others the record is inconclusive. Two issues which require further study are: (1) the possible existence of capacity purchase alternatives available to East Kentucky that might permit a delay in the construction of one or more of the CTs beyond 1995 and reduce the present value revenue requirements related to the new capacity; and (2) the potential conditions which might be imposed on East Kentucky by the CT supplier, Asea Brown Boveri ("ABB"), for delaying the delivery of the CTs beyond 1995. The Commission finds that this information is critical to our deliberations and, therefore, we will require East Kentucky to supplement the record on these issues.

We will require that East Kentucky contact ABB in an attempt to renegotiate the contract for a further delay in delivering the CTs beyond 1995. We will also require that East Kentucky issue a solicitation for short-term capacity for the years 1995 through

2000 to all the electric utilities contacted in May 1992 regarding East Kentucky's prior short-term capacity solicitation.

IT IS THEREFORE ORDERED that East Kentucky shall file an original and 15 copies of the following information with the Commission with a copy to the AG, within 30 days from the date of this Order. The AG shall file comments, if any, within 15 days of the date East Kentucky files the following information:

1. East Kentucky's written request to ABB for further delay in delivering the CTs beyond 1995.

2. ABB's written response to East Kentucky's request.

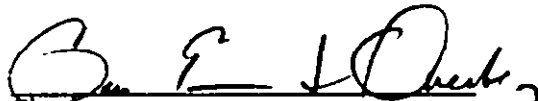
3. East Kentucky's letter soliciting short-term capacity for the years 1995 through 2000.

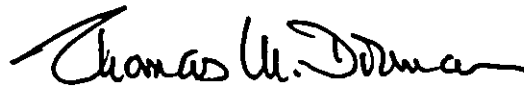
4. The utilities' written responses to East Kentucky's solicitation and a summary of the responses which ranks the proposals and indicates which proposals East Kentucky would accept with an explanation of the reasons for accepting or rejecting any proposal.

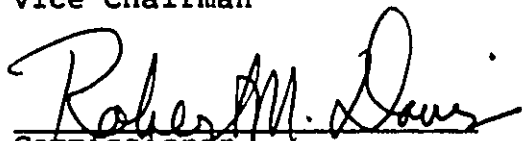
5. An analysis of East Kentucky's present value revenue requirements which includes the impacts of the conditions imposed by ABB for further delay in delivery of the CTs beyond 1995 and the proposals received in response to the solicitation for short-term capacity for the years 1995 through 2000.

Done at Frankfort, Kentucky, this 7th day of December, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director